

UNITED STATES BANKRUPTCY COURT  
NORTHERN DISTRICT OF NEW YORK

-----X

In re:

Chapter 11

HIGHGATE LTC MANAGEMENT, LLC,

Case No. 07-01168-1 REL

Debtor.

-----X

**AFFIDAVIT OF EUGENE NACHAMKIN  
IN SUPPORT OF ORDER TO SHOW CAUSE  
RE: USE OF CASH COLLATERAL**

State of New York            )  
  ) ss.:  
County of Schenectady    )

Eugene Nachamkin, being duly sworn, hereby deposes and says:

1. I am a member of Highgate LTC Management, LLC, the above-captioned Debtor ("LTC" or the "Debtor") for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). I am fully familiar with the facts and circumstances recited herein. I submit this affidavit in conjunction with the Debtor's application for an Order to Show Cause seeking authority to use cash collateral and provide adequate protection pursuant to Sections 363(c)(2)(B) and 361 of the Bankruptcy Code.

**PRELIMINARY STATEMENT**

2. As is set forth below in more detail, the Debtor and its affiliate Highgate Manor Group, LLC ("Manor") have filed their respective Chapter 11 cases to recover control of the nursing homes owned and operated by the Debtors from a receiver

appointed by the State Court after a default in payment to the Debtors' secured lender, General Electric Credit Corporation ("GECC"). The Debtors intend to market the facilities for sale as a going concern, so as to maximize the return on their property so that all creditors, and not just the secured lender, can receive a distribution on their claims.

3. The Debtor proposes to continue operations of the nursing homes pending completion of the sale and confirmation of a plan. To fund those operations, the Debtor proposes to use on-going accounts receivable, which accounts are subject to a lien held by GECC, and to pay GECC the same adequate protection payments which the Receiver has been making. The Debtor also proposes to give GECC a replacement lien in the post-petition accounts receivable.

### **BACKGROUND**

4. Manor owns improved real property at four separate locations, together with furniture, fixtures and equipment, which it leases to its affiliate, LTC. The Debtor operates four nursing homes, one at each of the locations owned by Manor. Manor is filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code concurrently with LTC's petition.

5. The four nursing homes are operated as Northwoods Rehabilitation and Extend Care Facilities at the following locations (collectively, the four homes are the "Facilities"):

Hilltop  
112 beds

1805 Providence Avenue  
Niskayuna, NY 12309

Cortland  
200 beds

28 Kellogg Road  
Cortland, NY 13045

Troy  
120 beds

100 New Turnpike Road  
Schaghticoke, NY 12182

Rosewood Gardens  
80 beds

284 Troy Road  
East Greenbush, NY 12144

6. The primary offices for both LTC and Manor are located at Hilltop in Niskayuna. The members of LTC are myself, my wife, Dianna Koehler-Nachamkin, Howard Krant and Scott Bialick. The members of Manor are myself, Dianna Koehler-Nachamkin, Howard Krant, Scott Bialick, Longview Horizons, LLC and Patricia Bruder<sup>1</sup>.

7. On May 26, 2005, Manor borrowed \$21,500,000 from GECC to refinance the mortgage previously held by M&T Real Estate, Inc. The promissory note executed by Manor with GECC has a five year term and is secured by a mortgage on Manor's real property. At the same time, the Debtor obtained a \$4,000,000 line of credit from GECC, secured by the assets of the Debtor, consisting primarily of accounts receivable, and including all cash in bank accounts of the Debtor.

8. Both debts to GECC are guaranteed and cross collateralized by Manor and LTC. The debts to GECC are also personally guaranteed by the four members of LTC, and by Guilderland LTC Management LLC, which is owned by several of the Members of the Debtor and Manor.

---

<sup>1</sup> As set forth below, Howard Krant and Scott Bialick withdrew substantial funds from LTC and Manor, by which act they may have relinquished all legal rights as members of both LTC and Manor, and may not, in fact, be members. Although for the sake of avoiding unnecessary litigation at a time when our attention needs to be focused on the financial well being of the companies the other members of both LTC and Manor continue to treat them as members of the companies, we do so with a full reservation of all rights to challenge their respective claims to be members of either or both LTC and Manor at the appropriate time.

9. As of the filing date of the Chapter 11 petitions, the balance due on the promissory note, including interest, legal fees and other charges is estimated to be approximately \$23 million. The balance due on the line of credit as of February 13, 2007, the most recent date for which I have actual figures, is \$3,058,123.38 on eligible accounts receivable (those less than 150 days old) of \$4,049,198.71. As of February 13, there were additional accounts receivable over 150 days old of at least \$1.7 million, which were not part of the eligible accounts receivable under the formula for the borrowing base established in the loan agreement with GECC.

10. The Debtor's precarious financial condition stems from an inability to service its secured debt to GECC and simultaneously pay ongoing operational expenses. This difficulty was exacerbated by the improper withdrawal of amounts in excess of \$716,366.24 out of operating funds by two of the members, Howard Krant and Scott Bialick in 2005.

11. In a joint effort with GECC to reduce its operating expenses, in May 2006, and at the recommendation of GECC, the Debtor hired Tim Wade as Interim Chief Executive Officer. Unfortunately, Mr. Wade has not performed his duties satisfactorily, and caused the Debtor to default on the outstanding debt to GECC. In response to the default, GECC brought suit in the Supreme Court of the State of New York, County of Rensselaer to foreclose on its liens. By Order dated November 29, 2006, because of the default in payment to GECC, the Receiver was appointed with the power to collect all monies due to LTC and Manor, and to liquidate the assets of LTC and Manor for the benefit of GECC.

12. LTC and Manor filed their respective Chapter 11 cases to remove the Receiver pursuant to Section 543 of the Bankruptcy Code, and to replace both the Receiver and Mr. Wade with an outside operator, BOHASHIC, LLC, which will oversee the operations of the nursing homes during the Chapter 11 proceedings, until a buyer can be found for the assets of LTC and Manor. A motion to approve the proposed operating agreement with BOHASHIC is being filed with the Court.

### **PROPOSED USE OF CASH COLLATERAL**

13. I am advised by bankruptcy counsel for LTC that Section 363(c)(2)(B) of the Bankruptcy Code provides that a Debtor in Possession:

may not use, sell, or lease cash collateral under paragraph (1) of this subsection unless –

(B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.

14. I am further advised that Section 363(e) requires the Debtor to provide adequate protection to GECC.

15. Attached hereto as Exhibit “A” is a copy of the budget prepared by the Receiver covering operations for calendar year 2007. This budget shows a projected loss of \$1,131,935. Included in this budget is a total of \$1,500,000 in fees being paid to the Receiver pursuant to the Order appointing the Receiver.

16. Attached hereto as Exhibit “B” is the proposed budget of the Debtor, after replacement of the Receiver by BOHASHIC, LLC, which budget shows a projected net profit for 2007 of \$1,400,000. Included in this budget is a reduction in expenses for management, in that the \$125,000 per month fee of the Receiver is reduced to \$35,000

per month for BOHASHIC, a savings of \$1,080,000 over a twelve month period on this budget item alone.

17. Certain other savings are projected in the Debtor's budget, which savings are set forth in the comparison of the Receiver's budget to the Debtor's budget contained in Exhibit "C". The documents show the breakdown of the budget for each facility in turn, first as prepared by the Receiver and then as proposed for operations under BOHASHIC.

18. Most importantly for the purposes of this motion, the Debtor proposes to operate the business using the cash on hand in the bank accounts to be turned over to the Debtor by the Receiver pursuant to Section 543 of the Bankruptcy Code, and additional monies generated by the accounts receivable of the Debtor, which cash and accounts receivable are secured by the liens held by GECC.

19. In return for the proposed use of cash collateral, the Debtor proposes to pay to GECC the same payments which the Receiver would otherwise have been making to GECC. The Debtor also proposes to give GECC a replacement lien in the bank accounts and the accounts receivable that are generated after the Chapter 11 filing, and to permit GECC to retain its secured claims against all other assets of the Debtor and Manor to the extent and in the same priority which GECC held secured claims as of the filing of the Chapter 11 petitions<sup>2</sup>. The proposed adequate protection liens would be deemed valid and perfected as of the date of approval of the instant motion by the

---

<sup>2</sup> Although the Debtor believes GECC's to be first in priority and to be fully perfected under applicable non-bankruptcy law, nothing contained herein shall be deemed to be a waiver of the Debtor's rights to review and challenge GECC's liens under applicable provisions of the Bankruptcy Code and non-bankruptcy law.

Bankruptcy Court, without the need for execution or filing of any further document or instrument otherwise required to be executed or filed under applicable non-bankruptcy law.

20. The Debtor further proposes that the liens and security interests granted to GECC hereunder, be deemed valid and enforceable against any trustee appointed in this case, in any superseding case or in any case related hereto, and notwithstanding the entry of an order confirming a plan of reorganization, survive to the benefit of GECC, and shall be binding upon the Debtor and its successors and assigns, until such priorities, liens and security interests are satisfied and discharged in full.

**EFFORTS TO OBTAIN ALTERNATE  
FINANCING WERE UNAVAILING**

21. Efforts to obtain financing from a third party for the Chapter 11 were unsuccessful, because the Debtor has extremely limited access to its books and records from the Receiver, making due diligence by proposed lenders virtually impossible. Moreover the existence of the current loan agreement with GECC had a chilling effect on proposed lenders, who were concerned that they were being used solely as a “stalking horse” to compel concessions out of GECC, and who, as a consequence, sought substantial facility fees and other “up front” non-refundable payments, that were higher than would normally be expected, in the event that the Debtor withdrew its application to borrow funds after the Chapter 11 case was filed.

22. In light of the current foreclosure litigation with GECC, it was not feasible to negotiate for the use of cash collateral with GECC prior to the Chapter 11 filing. To the extent necessary, the Debtor and Manor stand ready to negotiate the

specific terms of the proposed use of cash collateral with GECC once the Chapter 11 cases are filed and the Facilities have been recovered from the Receiver.

### **NEED FOR EMERGENCY RELIEF**

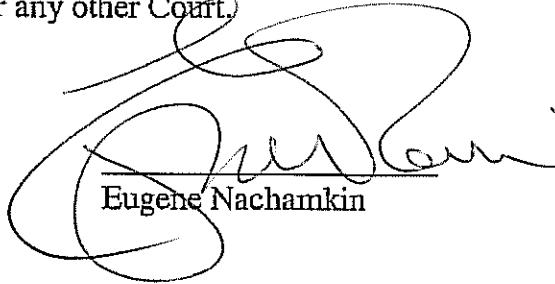
23. The Debtor cannot operate without using GECC's cash collateral. Because of the nature of the Debtor's business and the need to continue to provide quality health care to its patients without interruption, the Debtor must have immediate access to funds.

24. On the other hand, it also is manifestly unreasonable for the Debtor to use the cash collateral without providing the required adequate protection to GECC, which bankruptcy counsel for the Debtor advises me is recognized by the provisions of Section 363(e) of the Bankruptcy Code requiring this Court to make an independent inquiry into whether GECC is adequately protected. Therefore, the Debtor seeks the instant Order to Show Cause for an expedited hearing to consider its proposed use of cash collateral and granting of adequate protection.

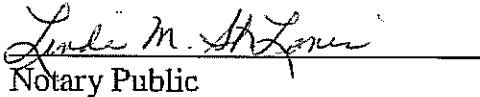
25. Pending the hearing on the Order to Show Cause, the Debtor seeks interim relief of allowing the proposed use of cash collateral pursuant to the budget annexed hereto as Exhibit "B", and the granting of post-petition liens to GECC, until such time as the motion may be heard.

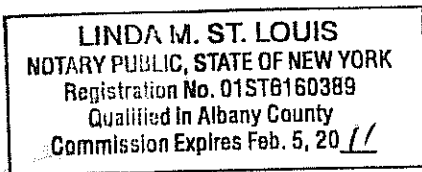


WHEREFORE, I respectfully pray for the entry of the pre-fixed Order to Show Cause, and the entry of an Order after hearing granting relief consistent with the foregoing, and for such further relief as may be just and proper, for all of which no previous request has been made to this or any other Court.

  
Eugene Nachamkin

Sworn to before me this  
13th day of April, 2007

  
Notary Public



# **EXHIBIT A**

# Northwoods Health Systems Summary 2007 Budget

3/8/2007  
Final

	<u>HILLTOP</u>		<u>TROY</u>		<u>ROSEWOOD</u>		<u>CORTLAND</u>		<u>TOTALS</u>	
Payor Mix Per Day										
Medicaid	53%	50	76%	85	85%	66	84%	134	75%	337
Medicare	30%	28	15%	17	9%	7	6%	10	14%	62
Insurance	15%	14	4%	5	3%	3	6%	10	7%	32
Private	2%	2	4%	5	3%	3	4%	6	3%	16
Total Budgeted Census	100%	94	100%	112	100%	78	100%	160	100%	447
	<u>HILLTOP</u>		<u>TROY</u>		<u>ROSEWOOD</u>		<u>CORTLAND</u>		<u>TOTALS</u>	
TOTAL REVENUE		\$16,342,639		\$8,786,268		\$5,736,863		\$9,985,844		\$40,851,614
OPERATING EXPENSES		\$12,805,262		\$7,160,273		\$4,797,657		\$8,363,437		\$33,146,629
Cash Receipt Assessment		722,617		384,907		276,738		505,956		1,890,218
		<u>\$13,527,879</u>		<u>\$7,545,180</u>		<u>\$5,074,395</u>		<u>\$8,889,393</u>		<u>\$35,036,847</u>
VOI		\$ 2,814,760		\$ 1,241,088		\$ 662,468		\$ 1,096,451		\$ 5,814,767
Allocated Overhead		591,057		248,897		167,068		410,740		1,417,762
Rent		1,316,952		460,000		262,000		798,000		2,836,952
Working Capital Interest		70,000		70,000		46,000		125,000		311,000
Depr. and Amort.		259,606		139,100		78,500		145,000		622,206
Bad Debt		48,026		54,050		17,559		28,744		148,379
Receiver fee		328,125		351,563		234,375		585,938		1,500,000
Default interest		8,138		8,719		5,813		14,531		37,200
WIK interest		16,013		17,156		11,438		28,594		73,200
PROFIT/(LOSS)		<u>\$ 176,843</u>		<u>\$ (108,396)</u>		<u>\$ (160,284)</u>		<u>\$ (1,040,095)</u>		<u>\$ (1,131,932)</u>

Note: Profit/(Loss) does not capture any penalties or interest on future cash receipts assessment payments nor any adjustments for future changes in CMI.

03/06/2007

Cortland

2007 BUDGET  
ASSUMPTIONS

Final

General:

Actual year to date data used for 2006 annual numbers

Profit / (Loss)      (411,033)

Revenue:

Medicaid rates - Revised Facility Reimbursement Impact add on \$4.15      \$202,977  
Medicare 07 RUG rates to be used  
Census proj. @ 159 / day ( 79.5%)  
Excludes potential Medicaid / Medicare retro. increase/decrease.

Expenses:

Includes salary rate increases of 4% gross (2% net).  
Includes 5% cost of goods increase on most supply items and 4% on most other expenses  
Nursing PPD      3.17

## **EXHIBIT B**

NORTHWOODS BUDGET

SUMMARY

ORIGINAL  
RECEIVER'S  
BUDGET

BOHASHIC, LLC.  
REVISED  
BUDGET

REVENUE:  
CORTLAND

\$9,985,844

\$10,066,673

TROY

\$8,786,268

\$8,786,268

ROSEWOOD GARDENS

\$5,736,863

\$5,758,027

HILLTOP - NISKAYUNA

\$16,342,639

\$16,361,802

TOTAL REVENUE

\$40,851,614

\$40,972,770

EXPENSES:  
CORTLAND

\$11,025,940

\$10,397,962

TROY

\$8,894,664

\$8,442,766

ROSEWOOD GARDENS

\$5,897,149

\$5,594,682

HILLTOP - NISKAYUNA

\$16,165,796

\$15,136,493

TOTAL EXPENSES

\$41,983,549

\$39,571,903

NET PROFIT/ (LOSS) PROJECTED

(\$1,131,935)

\$1,400,867

## **EXHIBIT C**

RECEIVER - *Page*

~~Northwood Capital Corporation~~

2007 Budgeted P & L

**Final**

3/6/2007

	<u>2006</u> <u>BUDGET</u>	<u>2006</u> <u>ANNUAL</u>	<u>2007</u> <u>BUDGET</u>
<b><u>OPERATING REVENUE</u></b>			
PRIVATE	\$655,469	\$552,178	\$574,875
MEDICARE	758,515	602,393	1,023,825
MEDICAID	7,203,603	6,682,945	7,380,519
INSURANCE	937,081	1,062,502	912,500
<b>TOTAL NET REVENUE</b>	<b>9,554,668</b>	<b>8,900,018</b>	<b>9,891,719</b>
<b>OTHER INCOME:</b>			
PT. B	-	-	4,125
PT. B - Physicans	18,000	14,500	20,000
PT. B - OTHER	40,000	40,664	40,000
OTHER	30,000	22,938	30,000
	<u>88,000</u>	<u>78,102</u>	<u>94,125</u>
<b>TOTAL REVENUE</b>	<b>\$9,642,668</b>	<b>\$8,978,120</b>	<b>\$9,985,844</b>
<b>TOTAL EXPENSES</b>	<b><u>\$9,750,569</u></b>	<b><u>\$10,312,899</u></b>	<b><u>\$10,396,877</u></b>
<b>PROFIT / (LOSS)</b>	<b>(107,901)</b>	<b>(1,334,779)</b>	<b>(411,033)</b>
Receiver fee			585,938
Default interest			14,531
PIK interest			28,594
<b>PROFIT/(LOSS)</b>			<b><u>(1,040,095)</u></b>



BO HAS HIC FUDGEY

## BUDGET

### CORTLAND

	ORIGINAL RECEIVER'S BUDGET	ADJUSTMENTS TO BUDGET	REVISED ADJUSTMENTS TO BUDGET	COMMENTS
<u>REVENUE:</u>				
PRIVATE	\$574,875	\$0	\$574,875	
MEDICARE	\$1,023,825	\$0	\$1,023,825	
MEDICAID	\$7,380,510	\$0	\$7,380,510	
INSURANCE	\$912,500	\$0	\$912,500	
TOTAL REVENUE	\$9,891,710	\$0	\$9,891,710	
<u>OTHER INCOME:</u>				
PART "B" - THERAPIES	\$4,125	\$80,828	\$84,954	133 MEDICAID PATIENTS FOR FULL YEAR @ 1.75 PER DAY
PART "B" - PHYSICIANS	\$20,000	\$0	\$20,000	
PART "B" - OTHER	\$40,000	\$0	\$40,000	
OTHER MISCELLANEOUS	\$19,000	\$0	\$19,000	
TOTAL ALL REVENUE	\$9,985,844	\$80,828	\$10,066,673	
<u>EXPENSES:</u>				
NURSING ADMINISTRATION	\$338,090	-\$77,095	\$310,995	REDUCTION OF 1 WARD CLERK
NURSING - GERIATRIC	\$3,703,890	\$0	\$3,703,890	
PHYSICAL THERAPY	\$90,394	\$0	\$90,394	
OCCUPATIONAL THERAPY	\$124,785	-\$13,825	\$111,170	REDUCE SALARY OF O.T. TO \$ 12.50/HR.
SPEECH THERAPY	\$12,000	\$0	\$12,000	
RESPIRATORY THERAPY	\$28,315	\$0	\$28,315	
PSYCHIATRIC CARE	\$16,000	\$0	\$16,000	
PHYSICIANS SERVICES	\$73,830	\$0	\$73,830	
PARENTERAL & ENTERAL SERVICES	\$64,093	\$0	\$64,093	
DENTAL SERVICES	\$10,000	-\$1,075	\$37,175	REDUCTION TO CONTRACT AMOUNT
OTHER PATIENT SERVICES	\$25,767	\$0	\$25,767	
SOCIAL SERVICES	\$119,035	\$0	\$119,035	
RECREATION THERAPY	\$106,359	\$0	\$106,359	
MEDICAL RECORDS	\$2,074	\$0	\$2,074	
PHARMACY	\$449,726	\$0	\$449,726	
DIETARY	\$884,862	\$0	\$884,862	
MAINTENANCE	\$185,775	-\$15,917	\$169,858	REDUCTION OF MAINTENANCE ASSISTANT
LAUNDRY	\$313,833	\$0	\$313,833	
HOUSEKEEPING	\$287,333	\$0	\$287,333	
BUSINESS OFFICE	\$108,051	-\$13,500	\$94,551	REDUCTION OF BOOK-KEEPERS SALARY COSTS
UTILITIES & TAXES	\$323,985	\$0	\$323,985	
CLINICAL EVALUATORS	\$64,442	\$0	\$64,442	
ADMINISTRATION	\$273,898	-\$12,500	\$261,398	DUES REDUCTION
CONTROLLABLE ADMIN. EXPENSES	\$147,697	-\$12,273	\$735,419	PRI TAX SAVINGS FOR SALARY REDUCTIONS
NON-CONTROLLABLE ALLOCATED EXPENSES	\$2,013,439	-\$109,375	\$1,904,064	REDUCTION OF ALLOCATED FEES WITH REDUCED STAFF IN CORP
TOTAL EXPENSES	\$10,396,876	-\$205,105	\$10,190,771	
PROFIT/ (LOSS)	-\$411,032		-\$124,098	
<u>OTHER FEES/ CHARGES:</u>				
RECEIVER FEES	\$585,938	-\$421,877	\$164,066	
DEFAULT INTEREST	\$14,531	\$0	\$14,531	
P.I.K. INTEREST	\$28,594	\$0	\$28,594	
NET PROFIT/(LOSS)	-\$1,040,095		-\$331,289	

Receiver's Budget

~~Northwoods at Troy~~  
2007 Budget P & L

**Final**

3/3/2007

	<u>2006 BUDGET</u>	<u>2006 ANNUAL</u>	<u>2007 BUDGET</u>
<b><u>OPERATING REVENUE</u></b>			
PRIVATE	\$523,727	\$640,986	\$529,250
MEDICARE	1,658,975	1,636,687	1,963,157
MEDICAID	5,002,888	5,372,768	5,517,486
INSURANCE	1,130,422	855,431	739,125
<b>TOTAL NET REVENUE</b>	<b>8,316,012</b>	<b>8,505,872</b>	<b>8,749,018</b>
<b>OTHER INCOME:</b>			
PT. B - THERAPY	0	0	4,250
PT. B - PHYSICIANS	5,000	0	0
PT. B - OTHER	25,000	21,247	20,000
OTHER	15,000	11,317	13,000
	<u>45,000</u>	<u>32,564</u>	<u>37,250</u>
<b>TOTAL REVENUE</b>	<b>\$8,361,012</b>	<b>\$8,538,436</b>	<b>\$ 8,786,268</b>
<b>TOTAL EXPENSES</b>	<b><u>8,140,155</u></b>	<b><u>8,398,938</u></b>	<b><u>8,517,226</u></b>
<b>PROFIT/(LOSS)</b>	<b><u>\$ 220,857</u></b>	<b><u>\$ 139,498</u></b>	<b><u>\$ 269,042</u></b>
Receiver fee			351,563
Default interest			8,719
Management fee			17,156
<b>PROFIT/(LOSS)</b>			<b><u><u>\$ (108,396)</u></u></b>

Bohastic Budy

# BUDGET

TROY

	ORIGINAL RECEIVER'S BUDGET	ADJUSTMENTS TO BUDGET	REVISED ADJUSTMENTS TO BUDGET	COMMENTS
--	----------------------------------	-----------------------------	--	----------

## REVENUE:

PRIVATE	\$528,250	\$0	\$528,250	
MEDICARE	\$1,063,167	\$0	\$1,063,167	
MEDICAID	\$5,517,488	\$0	\$5,517,488	
INSURANCE	\$139,125	\$0	\$139,125	
TOTAL REVENUE	\$8,748,019	\$0	\$8,748,019	

## OTHER INCOME:

PART "B" - THERAPIES	\$4,150	\$0	\$4,150	
PART "B" - PHYSICIANS	\$0	\$0	\$0	
PART "B" - OTHER	\$20,000	\$0	\$20,000	
OTHER MISCELLANEOUS	\$13,000	\$0	\$13,000	
TOTAL ALL REVENUE	\$1,786,268	\$0	\$1,786,268	

## EXPENSES:

NURSING ADMINISTRATION	\$334,773	-173,658	\$161,115	REDUCE NURSE MANAGER - 2 DAYS/ WEEK
NURSING - GERIATRIC	\$7,390,386	\$0	\$7,390,386	
STAFFING SERVICE	\$0,785	-16,785	\$0	NO UNNECESSARY STAFF
PHYSICAL THERAPY	\$16,1571	\$0	\$16,1571	
OCCUPATIONAL THERAPY	\$105,491	-135,705	\$0	REDUCTION OF COTA
SPEECH THERAPY	\$71,300	\$0	\$71,300	
RESPIRATORY THERAPY	\$44,427	\$0	\$44,427	
CENTRAL SUPPLY	\$34,537	\$0	\$34,537	
PHYSICIANS SERVICES	\$84,000	\$0	\$84,000	
PARENTAL & ENTERTAINMENT SERVICES	\$30,106	\$0	\$30,106	
MENTAL SERVICES	\$28,000	-10720	\$17,280	ADJUST TO CONTRACT AMOUNT
OTHER PATIENT SERVICES	\$12,325	\$0	\$12,325	
SOCIAL SERVICES	\$110,673	\$0	\$110,673	
RECREATION THERAPY	\$77,670	\$0	\$77,670	
MEDICAL RECORDS	\$11,451	\$0	\$11,451	
PHARMACY	\$467,109	\$0	\$467,109	
DIETARY	\$737,167	-111,522	\$625,645	REDUCE TRAINING AIDE IN DINING ROOM
MAINTENANCE	\$176,218	-116,078	\$60,140	SHOW REMOVAL DOVE BY STAFF - \$ 2,000/ REDUCE FLOATER - \$ 13,928
LAUNDRY	\$194,502	\$0	\$194,502	
HOUSEKEEPING	\$220,148	\$0	\$220,148	
BUSINESS OFFICE	\$144,903	\$0	\$144,903	
UTILITIES & TAXES	\$231,908	\$0	\$231,908	
CLINICAL EVALUATORS	\$50,378	\$0	\$50,378	
ADMINISTRATION	\$187,025	-12,000	\$175,025	FROM ADV - \$ 1,589 / OLES REDUCTION - \$ 7,500.00
CONTROLLABLE ADMIN. EXPENSES	\$374,406	-127,774	\$246,632	REDUCE PIA TAXES ON REDUCED STAFF
NON-CONTROLLABLE ALLOCATED EXPENSES	\$1,352,854	-152,287	\$1,200,567	REDUCTION OF CORPORATE STAFF
TOTAL EXPENSES	\$18,517,219	-1,018,787	\$17,498,432	

## PROFIT/ (LOSS)

### OTHER FEES/ CHARGES:

RECEIVER FEES	\$351,583
DEFAULT INTEREST	\$8,719
P.I.K. INTEREST	\$17,168

NET PROFIT/(LOSS)

-\$108,389

# Receiver's Budget

## ~~Northwoods at Rosewood~~ 2007 Budgeted P&L

Fianl  
3/6/2007

	<u>2006 BUDGET</u>	<u>2006 Projected</u>	<u>2007 Budget</u>
<u>OPERATING REVENUE</u>			
PRIVATE	\$701,971	\$377,235	\$438,985
MEDICARE	642,916	620,200	846,615
MEDICAID	3,363,030	4,062,824	4,147,951
INSURANCE	599,185	264,740	278,313
CMI Adjustment			0
<b>TOTAL NET REVENUE</b>	<b>5,307,104</b>	<b>5,324,999</b>	<b>5,711,863</b>
 <u>OTHER INCOME:</u>			
PT. B - OTHER	10,000	10,210	15,000
OTHER	<u>20,000</u>	<u>9,984</u>	<u>10,000</u>
	30,000	20,194	25,000
 <b>TOTAL REVENUE</b>	<b>\$ 5,337,104</b>	<b>\$ 5,345,193</b>	<b>\$5,736,863</b>
 <b>TOTAL EXPENSES</b>	<b><u>5,277,619</u></b>	<b><u>5,652,951</u></b>	<b><u>5,645,523</u></b>
 <b>PROFIT/(LOSS) OPERATIONS</b>	<b><u>\$ 59,484</u></b>	<b><u>\$ (307,758)</u></b>	<b><u>\$ 91,340</u></b>
 Receiver fee			234,375
Default interest			5,813
Management fee			11,438
 <b>PROFIT/(LOSS)</b>			<b><u>\$ (160,285)</u></b>

BUDGETROSEWOOD GARDENSBOHASHIC, LLC. BUDGET

REVENUE:	ORIGINAL RECEIVER'S BUDGET	ADJUSTMENTS TO BUDGET	REVISED ADJUSTMENTS TO BUDGET	COMMENTS
PRIVATE	\$438,685	\$0	\$438,685	
MEDICARE	\$846,515	\$0	\$846,515	
MEDICAID	\$4,147,951	\$0	\$4,147,951	
INSURANCE	\$279,333	\$0	\$279,333	
TOTAL REVENUE	\$5,711,884	\$0	\$5,711,884	
OTHER INCOME:				
PART "B" - THERAPIES	\$0	\$19,163	\$19,163	\$19,163 BILLING FEE PART "B" THERAPIES (\$ 175DAY TIMES 10.650 DAY/TEAR)
PART "B" - PHYSICIAN	\$0	\$0	\$0	\$0
PART "B" - OTHER	\$15,000	\$0	\$15,000	\$15,000
OTHER MISCELLANEOUS	\$10,000	\$0	\$10,000	\$10,000
TOTAL ALL REVENUE	\$5,736,884	\$19,163	\$5,756,047	
EXPENSES:				
NURSING ADMINISTRATION	\$719,207	-176,400	\$542,807	\$192,867 REDUCTION OF SICKLEADER
NURSING - GERIATRIC	\$7,185,340	\$0	\$7,185,340	\$7,185,340
STAFFING SERVICE	\$2,500	-17,500	\$0	\$0 NECESSARY STAFF
PHYSICAL THERAPY	\$74,834	\$0	\$74,834	\$74,834
OCCUPATIONAL THERAPY	\$54,163	\$0	\$54,163	\$54,163
SPEECH THERAPY	\$15,857	\$0	\$15,857	\$15,857
RESPIRATORY THERAPY	\$17,381	\$0	\$17,381	\$17,381
PSYCHIATRIC CARE	\$13,000	\$0	\$13,000	\$13,000
PHYSICIANS SERVICES	\$0	\$0	\$0	\$0
PARENTAL & ENTERAL SERVICES	\$24,855	\$0	\$24,855	\$24,855
DENTAL SERVICES	\$15,600	\$1,929	\$17,529	\$19,929 ADJUST TO CONTRACT AMOUNT
OTHER PATIENT SERVICES	\$19,425	\$0	\$19,425	\$19,425
SOCIAL SERVICES	\$71,140	-17,550	\$53,590	\$53,590 REDUCTION OF ADMISSIONS COORDINATOR
RECREATION THERAPY	\$84,397	\$0	\$84,397	\$84,397
MEDICAL RECORDS	\$3,248	\$0	\$3,248	\$3,248
PHARMACY	\$172,261	\$0	\$172,261	\$172,261
DIETARY	\$572,957	\$0	\$572,957	\$572,957 REDUCE TRAINING AIDE IN DINING ROOM
MAINTENANCE	\$115,499	\$0	\$115,499	\$115,499 SNOW REMOVAL DONE BY STAFF - \$1,000/ REDUCE FLOATER - \$ 13,978
LAUNDRY	\$137,193	\$0	\$137,193	\$137,193
HOUSEKEEPING	\$126,113	\$0	\$126,113	\$126,113
BUSINESS OFFICE	\$93,144	\$0	\$93,144	\$93,144
UTILITIES & TAXES	\$709,519	\$0	\$709,519	\$709,519
CLINICAL EVALUATORS	\$0	\$0	\$0	\$0
ADMINISTRATION	\$160,815	-132,637	\$28,178	\$137,178 PROM ADV - \$ 900 / DUES REDUCTION - \$ 5,000 / REDUCE 17.54-61 RECEPTIONIST \$ 0.231/ REDUCE ADMINISTRATOR \$ 1,500.
CONTROLLABLE ADMIN. EXPENSES	\$197,939	-117,808	\$80,131	\$185,131 REDUCE P/R TAXES ON REDUCED STAFF
NON-CONTROLLABLE ALLOCATED EXPENSES	\$937,869	-143,759	\$794,110	\$794,110 REDUCTION OF CORPORATE STAFF
TOTAL EXPENSES	\$5,645,522	-1137,710	\$4,507,812	
PROFIT/ (LOSS)	\$91,342		\$244,221	
OTHER FEES/ CHARGES:				
RECEIVER FEE	\$734,375	-108,759	\$625,616	\$65,625 REVENUE NEW RECEIVER'S FEE
DEFAULT INTEREST	\$5,913	\$0	\$5,913	\$5,913
P.I.K. INTEREST	\$11,438	\$0	\$11,438	\$11,438
NET PROFIT/(LOSS)	\$169,294		\$161,345	

Receiver's Budget

Northwoods at Hilltop  
2007 Budgeted P & L

**Final**

3/6/2007

	<u>2006 BUDGET</u>	<u>2006 ANNUAL</u>	<u>2007 BUDGET</u>
<b><u>OPERATING REVENUE</u></b>			
PRIVATE	\$220,848	\$403,760	\$279,773
MEDICARE	3,434,835	3,320,680	3,749,094
MEDICAID	9,927,721	9,265,836	9,106,272
INSURANCE	1,636,595	2,171,836	3,102,500
 TOTAL NET REVENUE	 15,219,999	 15,162,112	 16,237,639
<b><u>OTHER INCOME:</u></b>			
RECEIVERSHIP FEES	50,000	43,750	-
PT. B - PHYSICIANS	44,000	35,003	40,000
PT. B - OTHER	10,000	10,497	10,000
	<u>149,000</u>	<u>132,106</u>	<u>105,000</u>
 TOTAL REVENUE	 \$15,368,999	 \$15,294,218	 \$16,342,639
 TOTAL EXPENSES	 <u>\$14,808,281</u>	 <u>\$15,482,301</u>	 <u>\$15,813,520</u>
 PROFIT / (LOSS) from operations	 <u>\$560,718</u>	 <u>\$ (188,083)</u>	 <u>\$529,118</u>
Receiver fee			328,125
GE Default interest			8,138
GE PIK interest			16,013
 Profit / (Loss) from operations			 <u><u>\$176,843</u></u>

**BUDGET**

HILLTOP - NISKAYUNA

BOHASHIC, LLC. BUDGET

REVENUE:	ORIGINAL RECEIVER'S BUDGET	ADJUSTMENTS TO BUDGET	REVISED ADJUSTMENTS TO BUDGET	COMMENTS
PRIVATE	\$279,273	\$0	\$279,273	
MEDICARE	\$3,749,054	\$0	\$3,749,054	
MEDICAID	\$0,106,277	\$0	\$0,106,277	
INSURANCE	\$2,102,000	\$0	\$2,102,000	
TOTAL REVENUE	\$10,237,030	\$0	\$10,237,030	
OTHER INCOME:				
PART "B" - THERAPIES	\$0	\$19,163	\$19,163	\$19,163 BILLING FOR PART "B" THERAPIES (\$1,750/DAY/TIME 10:00 DAY/TIME)
PART "B" - PHYSICIANS	\$40,000	\$0	\$40,000	
PART "B" - OTHER	\$10,000	\$0	\$10,000	
OTHER MISCELLANEOUS	\$55,000	\$0	\$55,000	
TOTAL ALL REVENUE	\$10,342,030	\$19,163	\$10,361,193	
EXPENSES:				
NURSING ADMINISTRATION	\$517,026	-133,813	\$383,213	\$484,113 REDUCTION OF ADMIN. SECRETARY HOURS
NURSING - GERIATRIC	\$1,426,533	-433,065	\$993,468	\$1,363,468 REDUCTION OF 1/2 DAY NURSING FACILITY COORDINATOR
NURSING - ADULT T.B.I.	\$1,191,627	\$0	\$1,191,627	
NURSING - PEDIATRIC	\$1,309,753	\$0	\$1,309,753	
NURSING - VENT	\$1,095,674	\$0	\$1,095,674	
STAFFING SERVICE	\$22,822	-123,552	\$100,730	\$0 UNNECESSARY STAFF
NURSING OTHER COSTS	\$370,258	\$0	\$370,258	
ANCILLARY ADMINISTRATION	\$71,258	\$0	\$71,258	
PHYSICAL THERAPY	\$236,497	-443,159	\$193,338	\$493,338 REDUCTION OF PHYSICAL THERAPY
OCCUPATIONAL THERAPY	\$404,371	-443,159	\$51,212	\$61,163 REDUCTION OF 1 CENTRAL OCCUPATIONAL THERAPY
SPEECH THERAPY	\$279,001	-443,159	\$166,842	\$179,863 REDUCTION OF 1 SPEECH THERAPIST
RESPIRATORY THERAPY	\$713,844	-127,545	\$586,299	\$428,209 RESPIRATORY THERAPIST HOURS INCLUDED IN NURSING STAFFING (PEDIATRIC & VENT UNITS)
PSYCHIATRIC CARE	\$85,314	\$0	\$85,314	
PHYSICIAN SERVICES	\$499,052	\$0	\$499,052	
PARENTAL & INTERNAL SERVICES	\$25,597	\$0	\$25,597	
DENTAL SERVICES	\$24,626	-6468	\$18,158	\$23,800 ADJUST TO CONTRACT AMOUNT
OTHER PATIENT SERVICES	\$29,833	\$0	\$29,833	
OCULAR SERVICES	\$163,009	\$0	\$163,009	
RECREATION THERAPY	\$16,452	\$0	\$16,452	
MEDICAL RECORDS	\$27,782	\$0	\$27,782	
CENTRAL SUPPLY	\$70,764	\$0	\$70,764	
PHARMACY	\$115,104	\$0	\$115,104	
DIETARY	\$109,459	\$0	\$109,459	
MAINTENANCE	\$177,009	-17,346	\$159,663	\$165,153 REDUCTION OF MAINTENANCE ASSISTANT - \$73,346 / INCREASE DIRECTOR SALARY - \$12,000.
LAUNDRY	\$157,574	\$0	\$157,574	
HOUSEKEEPING	\$246,502	\$0	\$246,502	
BUSINESS OFFICE	\$113,079	\$0	\$113,079	
UTILITIES & TAXES	\$276,512	\$0	\$276,512	
CLINICAL EVALUATORS	\$109,214	\$48,899	\$158,113	\$61,315 ALLOCATED COSTS TO RELATED FACILITY (VALDEMAR CENTER)
ADMINISTRATION	\$311,150	-173,314	\$137,836	\$393,376 DUES REDUCTION: \$1,500 / REDUCE ADMINISTRATION \$1531 / REDUCE CONF. & WORKSHOPS \$7,500
CONTROLLABLE ADMIN. EXPENSES	\$979,491	-1,099,999	\$879,492	\$979,492 REDUCE PER TAXES ON PERMANENT STAFF
NON-CONTROLLABLE ALLOCATED EXPENSES	\$2,005,428	\$62,456	\$2,067,884	\$2,517,008 REDUCTION OF CONTINGENT STAFF
TOTAL EXPENSES	\$13,919,622	\$372,042	\$14,291,664	
PROFIT/(LOSS)	\$529,417		\$1,341,335	
OTHER FEES/CHARGES:				
RECEIVER FEE	\$226,125	-428,250	\$181,875	\$81,875 REVISED NEW RECEIVER FEE
DEFAULT INTEREST	\$0,138	\$0	\$0,138	
P.A.C. INTEREST	\$19,013	\$0	\$19,013	
NET PROFIT/(LOSS)	\$176,841		\$1,225,309	